Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

Surname _____

Forename(s) _____

Candidate signature _____
I declare this is my own work.

A-level
BUSINESS

Paper 2 Business 2

Wednesday 7 June 2023 Morning Time allowed: 2 hours

Materials
For this paper you must have:
- a calculator.

Instructions
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

Information
- The marks for questions are shown in brackets.
- The maximum mark for this paper is 100.

For Examiner's Use	
Question	Mark
1.1	
1.2	
1.3	
1.4	
2.1	
2.2	
2.3	
2.4	
3.1	
3.2	
3.3	
3.4	
TOTAL	

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Answer **all** questions in the spaces provided.

0 1 Read the information below and then answer the questions that follow.

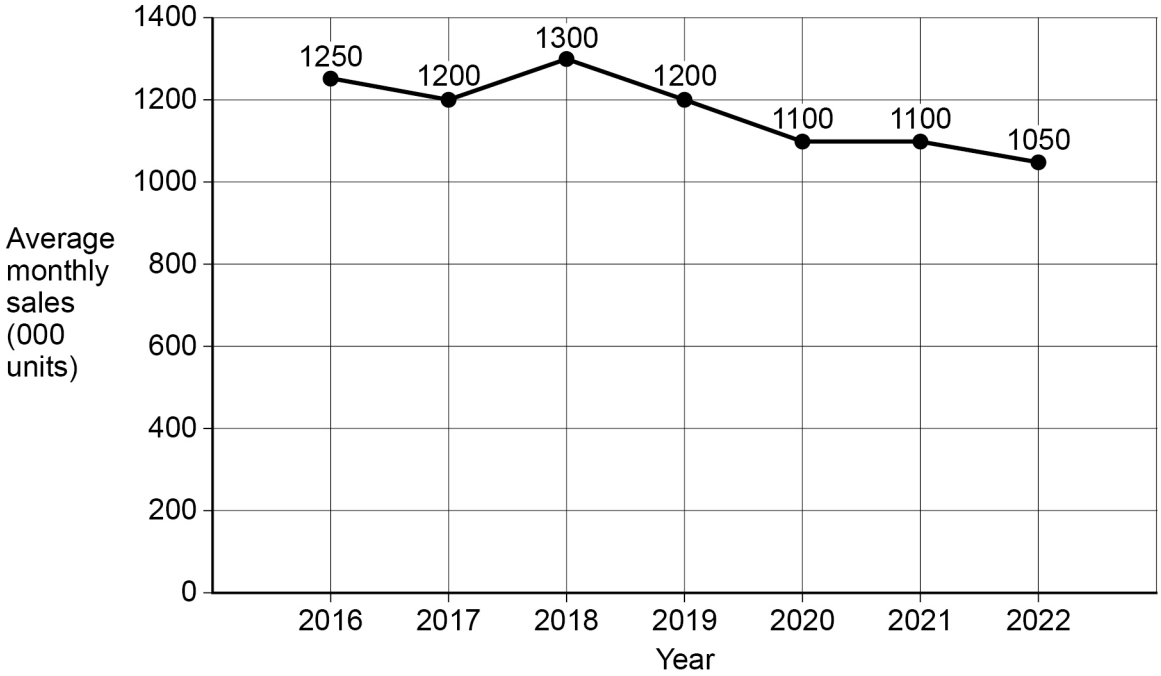
AJS plc

AJS plc is a manufacturer of non-recyclable packaging. This packaging is widely used by takeaway food outlets. AJS plc plans to invest £500 000 in new technology to increase capacity and make its factory more capital intensive.

Appendix A Data on proposed investment (produced by AJS plc's operations manager)

Year	Annual net cash flow £000s	Discount factor (10%)
0	(500)	1.00
1	(50)	0.91
2	250	0.83
3	600	0.75

Appendix B UK market for non-recyclable takeaway food packaging



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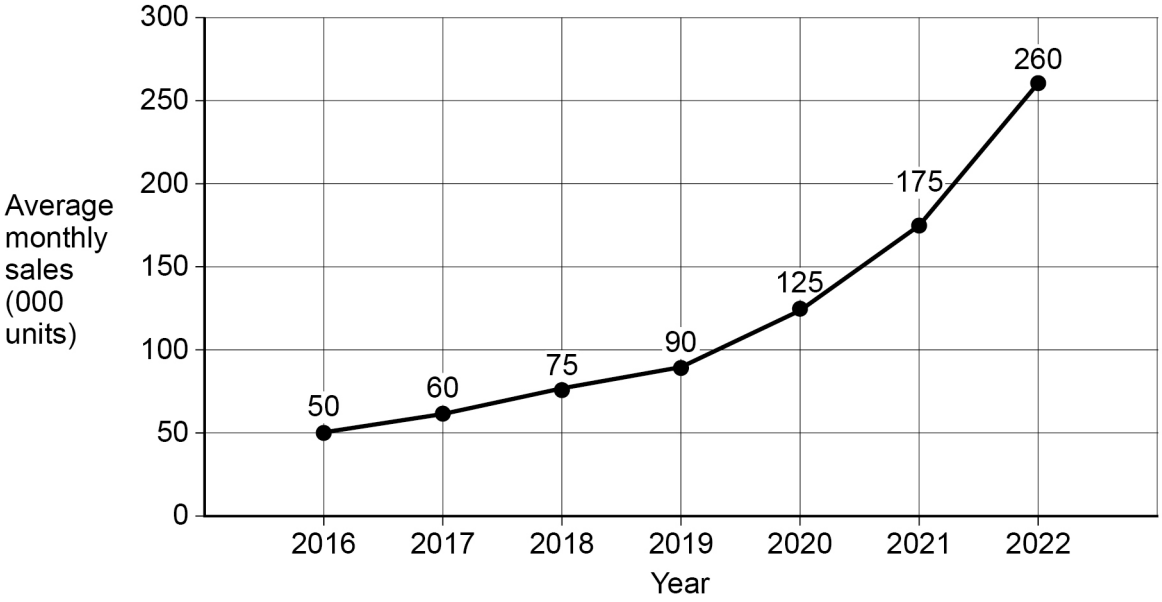
Appendix C UK market for recyclable takeaway food packaging



Appendix D Selected Human Resource data 2022

	AJS plc	**Industry average**
Average salary	£22 000	£26 000
Salary costs as a percentage of turnover (%)	40	35
Labour turnover (%)	15	4
Working days lost through industrial action	25	5
Average number of applicants for vacancies	14	55

Appendix E Selected Financial data for AJS plc

	2022
Current assets	£550 000
Current liabilities	£270 000
Non-current liabilities	£4m
Operating profit	£3m
Gearing	22%
Change in the share price of AJS plc over the year	–15%
Change in the share price of the top 100 UK companies over the year	+8%

Turn over ►

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0 1 . 1 Calculate the Net Present Value for AJS plc's proposed investment.

[4 marks]

4

0 1 . 2 Using **Appendix E**, calculate the Return on Capital Employed for AJS plc in 2022.

[4 marks]

4

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0 1 . 3 Analyse why AJS plc has decided to become more capital intensive.

[9 marks]

Extra space

9

Turn over ►

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0 1 . 4 With reference to the data provided, would you advise a potential investor to buy shares in AJS plc?

Justify your view.

[16 marks]

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16

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0 2 Read the information below and then answer the questions that follow.

Homeworking

Homeworking (or teleworking) is the action of working from home, using the Internet, email and the telephone to link the employee and the business remotely.

The number of people working from home has been rising steadily for several years as communications technology has improved.

Table 1 UK labour market data

	2019	**2020**
Number of people in employment (millions)	32.6	32.5
Number of people working at least partly from home (millions)	8.7	

Some businesses now adopt homeworking as the normal practice. For example, several financial institutions have reduced the amount of office space they own or rent in city centres. The wider impact of the change has been seen through fewer commuting journeys.

There have been some concerns over increased homeworking due to a reduction in face-to-face communication between employees. There has also been a decline in sales for businesses, such as coffee shops, that rely on office staff as customers.

Some sectors, such as transportation and wholesale, provide few opportunities for people to work from home. Other sectors, such as IT, finance and insurance, provide more homeworking opportunities to staff.

0 2 . 1 Of people in employment, 36% worked at least partly from home in 2020.

Using **Table 1**, calculate the percentage change in the number of people working at least partly from home between 2019 and 2020.

[3 marks]

3

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0 2 . 2 Analyse **one** way the balance sheet of a business (its statement of financial position) might be affected if more of its employees work from home.

[6 marks]

6

Turn over for the next question

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0 2 . 3 The role of a manager has different elements.

Analyse the impact of the increase in homeworking by office staff on the way that their managers fulfil their role.

[9 marks]

Extra space

9

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0 2 . 4 Would increased homeworking improve the performance of businesses that use Elkington's Triple Bottom Line to measure their success?

Justify your view.

[16 marks]

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16

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0 3 Read the information below and then answer the questions that follow.

Simply Bake plc

Palm oil is a cheap oil ingredient used in the manufacture of many everyday items. Production of palm oil often involves farmers clearing rainforests. The destruction of this habitat has led to the loss of many animal species, including half of the world's orangutans.

Powerful campaign groups with many members, such as Greenpeace and the World Wildlife Foundation, have highlighted the issue. As a result, consumers are increasingly aware of the environmental impact of using palm oil.

Simply Bake plc is a supplier of cakes to supermarkets, who then retail them as their 'own brand' products. For many years, palm oil has been an important ingredient in Simply Bake plc's products, allowing it to meet the demand for cheap food.

In 2018, a small campaign group, Action against Palm Oil (APO), criticised Simply Bake plc. APO had carried out a survey using a sample of 100 of its 400 members to represent the views of UK consumers. The survey found that 67% of respondents wanted the government to ban the use of palm oil.

High-profile media campaigns have increasingly drawn attention to the issue of palm oil production. By 2019, supermarkets had noticed increasing numbers of enquiries from their customers about palm oil and environmental damage.

Finding alternative ingredients is difficult and expensive, but in 2020 Simply Bake plc announced that it will have changed all its recipes to remove palm oil by 2025.

0 3 . 1 Explain why APO's survey findings may not represent the views of UK consumers.

[4 marks]

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Turn over for the next question

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0 3 . 2 Explain how stakeholder mapping would help Simply Bake plc decide how it responds to criticism from APO.

[4 marks]

4

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0 3 . 3 Simply Bake plc decided to remove palm oil from its products.

With reference to Lewin's force field analysis, analyse why this decision was made.

[9 marks]

Extra space

9

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0 3 . 4 'Businesses will never act in a socially responsible way unless they are forced to do so by governments.'

To what extent is this true for **all** businesses?

[16 marks]

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END OF QUESTIONS

16

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